

OSA-4656-65
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REPLY TO:
Audit Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

15 December 1965

SUBJECT: Review of ECP #1987-20
Airborne Instrument Laboratory
Deer Park, New York
Contract No. FH-7321

TO : Contracting Officer

1. A review was made of the contractor's proposal of \$5,104 which includes a Fixed Fee of \$356 to provide conformance with the Nav Data Format changes as related to data matrix "Date" work requirements.

2. The evaluation included a review of the proposed labor, overhead and general and administrative expense rates. The direct labor hours should be reviewed for reasonableness by technical personnel.

3. Subject to review of the labor hours, the contractor's estimated costs of \$4,748 is considered acceptable based on the following comments:

a. The combined average labor rate proposed on this ECP (\$4.08) compares favorably with the overall average rate for effort expended on this program. Thus, the quoting rates used by the contractor are considered reasonable for this proposal only.

b. The overhead and general and administrative rates proposed are considered excessive when compared to the actual incurred rates for the year to date. For the purpose of this report only, the auditor accepts the contractor's proposed rates since any recommended reduction would result in only an insignificant monetary adjustment.

SIGNED

WILLIAM F. EDWARDS
Auditor General Representative (APL)